



UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501
(701) 222-7900

October 2, 2014

Executive Secretary
North Dakota Public Service Commission
State Capitol Building
Bismarck, ND 58505-0480

Re: Case No. PU-14-____
Application for Approval of its Annual
Update to Transmission Cost
Adjustment Rate 59

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., herewith submits for Commission approval an original and seven (7) copies of the Company's Application to update its Transmission Cost Adjustment (TCA) Rate 59 tariff, pursuant to N.D.C.C. §49-05-04.3 and §49-05-06 and Paragraph 2c of its Rate 59 tariff. Montana-Dakota requests approval of Transmission Cost Adjustment Rate 59 3rd Revised Sheet No. 43.1 provided herein as Exhibit 1 to be effective with service rendered on and after January 1, 2015.

Montana-Dakota is requesting to update its TCA rates to reflect actual costs incurred through August 31, 2014 and projected costs through December 31, 2015. The projected 2015 net transmission expenses as allocated to North Dakota are \$3,511,511, offset by a projected over recovery of the current period's costs of \$1,036,248, resulting in a total of \$2,475,263 to be recovered through the TCA rates January 1, 2015 through December 31, 2015. A typical residential customer using 894 Kwh would see a decrease of \$0.60 per month under the proposed TCA rate. The TCA rates per Kwh as proposed, with the change from the current TCAs implemented on January 1, 2014, are shown in the table below:

		Proposed \$/Kwh	Current \$/Kwh	Change
Res & Small General	(Rates 10, 13, 20 & 25)	\$0.00125	\$0.00192	(\$0.00067)
Large General	(Rates 30, 31, 32, 38, 40 & 48)	0.00104	0.00147	(0.00043)
Lighting	(Rates 41 & 52)	0.00079	0.00112	(0.00033)

This tariff change is necessary to reflect the currently effective charges assessed Montana-Dakota under the Midcontinent Independent System Operator's (MISO)

Schedule 26 – Network Upgrade Charges from the Transmission Expansion Plan and Schedule 26A – Charges Associated with Multi-Value Transmission Projects. The TCA also reflects Western Area Power Administration (WAPA) Network Integrated Transmission System (NITS) charges not currently being recovered through retail electric rates in North Dakota and the balancing account adjustment for calendar year 2014.

Please refer all inquiries regarding this filing to:

Tamie A. Aberle
Director of Regulatory Affairs
Montana-Dakota Utilities Co.
400 North Fourth Street
Bismarck, ND 58501

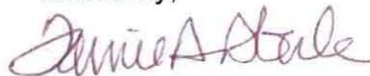
Also, please send copies of all written inquiries, correspondence and pleadings to:

Daniel S. Kuntz
Associate General Counsel
MDU Resources Group, Inc.
P.O. Box 5650
Bismarck, ND 58506-5650

Montana-Dakota herewith submits a check for \$10,000 in accordance with North Dakota Century Code Section 49-05-04.3 and respectfully requests the Commission reduce the required \$100,000 filing fee pursuant to N.D.C.C. §49-05-04.3.2.d which states the North Dakota Public Service Commission may waive or reduce the fee.

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission. Please acknowledge receipt by stamping or initialing the duplicate copy of this letter attached hereto and returning the same in the enclosed self-addressed, stamped envelope.

Sincerely,



Tamie A. Aberle
Director of Regulatory Affairs

Attachments
cc: Daniel S. Kuntz

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

In the Matter of the Application of)
MONTANA-DAKOTA UTILITIES CO., a)
Division of MDU Resources Group, Inc.) Case No. PU-14-_____
for approval of its Annual Update to)
Transmission Cost Adjustment Rate 59)

I. Summary of Application

Montana-Dakota Utilities Co. (Montana-Dakota or Applicant) herewith submits this Application for approval of its annual update to the Transmission Cost Adjustment (TCA) Rate 59 tariff, pursuant to N.D.C.C. §49-05-04.3 and Paragraph 2c of its Rate 59 tariff as approved in Case Nos. Case Nos. PU-11-672 and PU-11-681 on May 16, 2012. The Company is requesting approval of its Transmission Cost Adjustment Rate 59 tariff, 3rd Revised Sheet No. 43.1 to be effective with service rendered on and after January 1, 2015. In support of this application, Montana-Dakota is providing the following exhibits:

- Exhibit 1 – Transmission Cost Adjustment Rate 59 Revised Sheet No. 43.1
- Exhibit 2 – Transmission Cost Adjustment Allocation by Class
- Exhibit 3 – Transmission Cost Adjustment Summary
- Exhibit 4 – Transmission Cost Adjustment Balancing Account
- Exhibit 5 – Projected WAPA Network Integrated Transmission Service (NITS),
MISO Schedule 26 and 26A Summary Sheet
- Exhibit 6 – Projected Schedule 26 Charges and Revenue
- Exhibit 7 – Projected Schedule 26A Charges and Revenue
- Exhibit 8 – Projected WAPA NITS Charges
- Exhibit 9 – Customer Notice

II. Description of Applicant

Montana-Dakota is a Division of MDU Resources Group, Inc., a Delaware corporation duly authorized to do business in the State of North Dakota as a foreign corporation, and doing business in the State of North Dakota as a public utility subject to the jurisdiction of and regulation by the North Dakota Public Service Commission (Commission) under Title 49, NDCC, as amended. Montana-Dakota's Certificate of Incorporation and amendments thereto have been previously filed with the Commission under Case No. PU-08-710 and such Certificate and Amendments are hereby incorporated by reference as though fully set forth herein. Montana-Dakota provides electric service to approximately 87,500 customers in North Dakota as of August 31, 2014.

III. Background

On October 11, 2011, Montana-Dakota filed a Transmission Cost Adjustment Rate 59 tariff and proposed TCA rates in Case Nos. Case Nos. PU-11-672 and PU-11-681, pursuant to N.D.C.C. §49-05-04.3, to recover the North Dakota allocation of transmission related expenses assessed by the Midwest Independent System Operator (MISO), Western Area Power Administration (WAPA), and the revenue requirement for transmission facilities not currently recovered through electric service rates. On May 16, 2012 the Commission approved Montana-Dakota's Transmission Cost Adjustment Rate 59 tariff. The Company implemented its first TCA rates effective June 1, 2012.

Pursuant to Montana-Dakota's Rate 59 tariff, Paragraph 2.c., the adjustment per Kwh will be revised annually to reflect the current level of costs to be recovered.

The Company has updated its TCA rates each January 1 since implementation to reflect the actual and projected costs through December 31 of the coming year. In this Application, Montana-Dakota submits its annual update under the Rate 59 tariff to reflect actual transmission-related costs for the twelve months ended August 31, 2014 and projected costs through December 31, 2015.

IV. Calculation of the Proposed TCA Rates

Pursuant to the provisions of the Transmission Cost Adjustment Rate 59 tariff, the following exhibits show the derivation of the proposed TCA rates:

- *Exhibit 2* shows the proposed TCA rates and the preceding allocation of transmission-related costs to each of the rate classes, excluding customers served under special contracts (per Paragraph 2b of Rate 59). Total transmission-related costs include the projected TCA balance remaining as of December 31, 2014 and the projected costs for the twelve months ending December 31, 2015. The total transmission-related costs are then allocated to the rate classes based on the Company's AED Factor No. 2 from the Company's most recent general rate case (PU-10-124) and divided by the forecasted sales for the same time period.
- *Exhibit 3* is a summary of the projected 2015 expenses and revenue/credits, as well as the estimated balance of the TCA balancing account through December 2014, resulting in a total cost to be recovered in 2015 of \$2,475,263.
- *Exhibit 4* shows the TCA Balancing Account (per Paragraph 2d of Rate 59) through December 2014. As shown, Montana-Dakota maintains a balancing

account where the actual monthly expenses are tracked against the revenue received through the TCA. Any over or under recovery is assessed a carrying charge at the three month Treasury Bill rate as published monthly by the Federal Reserve Board.

- *Exhibit 5* shows the projected monthly transmission-related expenses for the twelve months ended December 31, 2015.
- *Exhibit 6* shows the projected Schedule 26 charges and revenue. The Schedule 26 charges, included on Exhibit 6 as allocated to North Dakota, reflect the indicative charges posted by MISO on July 31, 2014 by Pricing Zone for Approved Baseline Reliability Projects, Generation Interconnection Projects, and Market Efficiency Projects. Schedule 26 charges reflect Montana-Dakota's share of costs from projects that qualify for regional cost allocation under the MISO tariff.

The Schedule 26 revenue, included on Exhibit 6 as allocated to North Dakota, reflects the Company's Projected 2015 MISO Attachment GG revenue requirement for MISO Transmission Expansion Plant (MTEP) project 1355 (Heskett Substation). The Heskett Substation was deemed a reliability project under MISO's 2009 Transmission Expansion Plan.

- *Exhibit 7* shows the projected Schedule 26A charges and credits. Schedule 26A charges and credits, included on Exhibit 7 as allocated to North Dakota, reflect:
 - Montana-Dakota's Projected 2015 MISO Attachment MM revenue requirement for MTEP project 2220 (Big Stone South to Ellendale MVP

- project), including only Montana-Dakota's retail revenue requirement of the Big Stone South to Ellendale project based on the Company's load ratio share within the MISO footprint, and
- Schedule 26A charges, as allocated to North Dakota, based on the indicative charges posted by MISO on July 31, 2014, excluding Montana-Dakota's share of the Big Stone South to Ellendale retail revenue requirement, and the Company's projected 2015 load requirements. The Big Stone South to Ellendale MVP is one of seventeen MVPs approved by MISO as part of the MTEP 2011 report. Schedule 26A is charged equally to all MISO load for recovery of MISO's MVP portfolio.
 - The Schedule 26A revenue/credits, as shown on Exhibit 7 and allocated to North Dakota, reflect a credit for the administrative and general (A&G) expenses recovered from all MISO load under Attachment MM. The credit provides reimbursement to North Dakota retail customers for such costs being recovered through the Company's retail rates today.
 - *Exhibit 8* shows the projected Western Area Power Administration (WAPA) Network Integrated Transmission (NITS) Charges. WAPA NITS, as allocated to North Dakota, reflect the expenditures incurred by Montana-Dakota for transmission service over and above the Company's current agreement. The WAPA NITS to be recovered through the proposed TCA rates exclude the \$166,000 level of WAPA NITS expenditures currently included in the Company's North Dakota electric retail rates authorized in Case No. PU-10-124.

V. True-up and Estimated Impact by Customer Class

As shown on Exhibit 3, Montana-Dakota's projected 2015 transmission expense allocated to North Dakota, net of revenue, is \$3,511,511. offset by an estimated over recovery of \$1,036,248 as of December 31, 2014, resulting in \$2,475,263 to be recovered through the TCA rates January 1, 2015 through December 31, 2015. A typical residential customer using 894 KWh would see a decrease of \$0.60 per month under the proposed TCA rates. Montana-Dakota requests approval of the following TCA rates per KWh to be effective January 1, 2015

		<u>Proposed \$/Kwh</u>	<u>Current \$/Kwh</u>	<u>Change</u>
Res & Small General	(Rates 10, 13, 20 & 25)	\$0.00125	\$0.00192	(\$0.00067)
Large General	(Rates 30, 31, 32, 38, 40 & 48)	0.00104	0.00147	(0.00043)
Lighting	(Rates 41 & 52)	0.00079	0.00112	(0.00033)

Montana-Dakota has included as Exhibit 8 a Customer Notice to be included with customer's bills starting thirty days from date of filing in accordance with N.D.C.C. § 69-09-02-02.1, requiring a notice be provided to customers, within thirty days after filing, informing customers of the Company's request to update rates.

Montana-Dakota is submitting a check in the amount of \$10,000. Montana-Dakota respectfully requests the Commission reduce the required \$100,000 filing fee pursuant to N.D.C.C. §49-05-04.3.2d which states the North Dakota Public Service Commission may waive or reduce the fee.

VI. Conclusion

Montana-Dakota respectfully requests that the Commission:

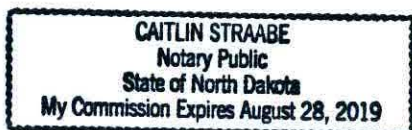
1. Give Notice of Opportunity to request a hearing to interested parties, and if no hearing is requested within twenty days, to waive the hearing in accordance with NDC §49-03.1-05, and
2. Approve the Company's updated TCA rates to be effective with service rendered on and after January 1, 2015 for the recovery of transmission-related expenditures.

Dated this 2nd day of October, 2014.



Tamie A. Aberle
Director of Regulatory Affairs

Subscribed and sworn to before me this 2nd day of October, 2014.



Caitlin Straabe, Notary Public
Burleigh County, North Dakota
My Commission Expires: 08/28/2019

Of Counsel:

Daniel S. Kuntz
Associate General Counsel
MDU Resources Group, Inc.
P.O. Box 5650
Bismarck, ND 58506-5650

Exhibit 1



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
3rd Revised Sheet No. 43.1
2nd Revised Sheet No. 43.1

TRANSMISSION COST ADJUSTMENT Rate 59

Page 2 of 2

- d. The true-up will reflect any over or under collection of revenue under the Transmission Adjustment from the preceding twelve month period plus carrying charges or credits accrued at a rate equal to the three-month Treasury Bill rate as published monthly by the Federal Reserve Board.

3. Time and Manner of Filing:

Montana-Dakota shall file the Transmission Adjustment at least 30 days prior to the proposed effective date. The filing by Montana-Dakota shall be made by means of a revised Transmission Adjustment tariff sheet identifying the amounts of the adjustment, the derivation of the adjustment and the resulting Transmission Adjustment rate.

4. Transmission Cost Adjustment Rate by class:

Residential & Small General	0.125¢
Large General	0.104¢
Lighting	0.079¢

Date Filed: October 2, 2014

Effective Date:

Issued By: Tamie A. Aberle
Director - Regulatory Affairs

Case No.: PU-14-

Tariffs Reflecting Proposed Changes



Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4th Street
Bismarck, ND 58501

State of North Dakota Electric Rate Schedule

NDPSC Volume 4
2nd Revised Sheet No. 43.1
1st Revised Sheet No. 43.1

TRANSMISSION COST ADJUSTMENT Rate 59

Page 2 of 2

- d. The true-up will reflect any over or under collection of revenue under the Transmission Adjustment from the preceding twelve month period plus carrying charges or credits accrued at a rate equal to the three-month Treasury Bill rate as published monthly by the Federal Reserve Board.
3. **Time and Manner of Filing:**
Montana-Dakota shall file the Transmission Adjustment at least 30 days prior to the proposed effective date. The filing by Montana-Dakota shall be made by means of a revised Transmission Adjustment tariff sheet identifying the amounts of the adjustment, the derivation of the adjustment and the resulting Transmission Adjustment rate.
4. **Transmission Cost Adjustment Rate by class:**
- | | |
|-----------------------------|------------------------|
| Residential & Small General | 0.1920.125¢ |
| Large General | 0.1470.104¢ |
| Lighting | 0.1120.079¢ |

Date Filed:

Effective Date:

Issued By: Tamie A. Aberle
Director - Regulatory Affairs

Case No.:

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Transmission Cost Adjustment Allocation by Class
Projected 2015

	Total 1/	Residential & Small General	Large General	Lighting
ND Transmission Costs 2/	\$2,475,263	\$1,256,438	1,195,055	23,770
Projected Kwh 3/	2,183,456,873	1,007,186,171	1,146,357,177	29,913,525
Projected \$/Kwh		\$0.00125	\$0.00104	\$0.00079
Current \$/Kwh 4/		0.00192	0.00147	0.00112
\$ Change		(0.00067)	(0.00043)	(0.00033)

1/ Exhibit 3.

2/ Class demand allocation from Case No. PU-10-124 (Embedded CCOS Factor No. 2).

Residential & Small General	50.759749%	(Rates 10, 13, 20 & 25)
Large General	48.279940%	(Rates 30, 31, 32, 38, 40 & 48)
Lighting	0.960311%	(Rates 41 & 52)
	<u>100.000000%</u>	

3/ 2015 projected sales (KWh) excluding contract sales.

4/ Transmission Cost Adjustment Rate 59 effective January 1, 2014.

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Transmission Cost Adjustment Summary
Projected 2015**

	<u>Projected 2015 Net Expense</u>
Charges 1/	
MISO Schedule 26 and 26A	\$3,953,318
WAPA NITS	<u>906,022</u>
Total Charges	4,859,340
Credits 2/	
MISO Schedule 26 and 26A	1,243,786
A&G Retail Rate Credit (Schedule 26A)	<u>104,043</u>
Total Credits	1,347,829
 Total Projected 2015 Net Expense	 3,511,511
 Estimated Balance as of December 31, 2014 2/	 (1,036,248)
 Total to be Recovered through TCA	 <u><u>2,475,263</u></u>

1/ Exhibit 5.

2/ Exhibit 4.

Montana-Dakota Utilities, Co.
Electric Utility - North Dakota
Transmission Cost Adjustment Balancing Account
September 2013 - estimated December 31, 2014

Month	Beginning Balance	Carrying Charge 1/	MISO Net Expenses	WAPA NITS Expense 2/	TCA Recovery	Ending Balance
August 2013						(\$189,638)
September	(\$189,638)	(\$3)	\$5,448	\$28,782	\$40,486	(195,897)
October	(195,897)	(8)	18,706	30,574	38,123	(184,748)
November	(184,748)	(11)	29,401	33,281	34,783	(156,860)
December	(156,860)	(9)	45,726	37,182	50,290	(124,251)
January	(124,251)	(4)	162,559	42,368	183,781	(103,109)
February	(103,109)	(4)	127,161	49,286	303,699	(230,365)
March	(230,365)	(10)	151,302	52,405	320,493	(347,161)
April	(347,161)	(9)	128,063	60,013	280,127	(439,221)
May	(439,221)	(11)	102,882	63,178	230,843	(504,015)
June	(504,015)	(17)	92,009	62,234	230,630	(580,419)
July	(580,419)	(15)	125,499	63,538	254,404	(645,801)
August	(645,801)	(16)	144,746	49,314	258,597	(710,354)
September - <i>estimated 3/</i>	(710,354)	(24)	144,746	49,314	261,715	(778,033)
October - <i>estimated 3/</i>	(778,033)	(26)	144,746	49,314	244,354	(828,353)
November - <i>estimated 3/</i>	(828,353)	(28)	144,746	49,314	279,464	(913,785)
December - <i>estimated 3/</i>	(913,785)	(30)	144,746	49,314	316,493	(1,036,248)
Total		<u>(225)</u>	<u>1,712,486</u>	<u>769,411</u>	<u>3,328,282</u>	

1/ Carrying charges calculated based on the three-month Treasury Bill rate pursuant to Rate 59.

2/ Allocated to North Dakota on Factor No. 15. Excludes charges recovered through base rates.

3/ The estimated September through December net expense amount is based on August 2014.

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
Summary of Expenses and Revenues
Projected 2015**

	MISO Expenses			WAPA NITS Expense 3/	Total Charges
	Schedule 26	Schedule 26A	Total		
	1/	2/			
January	\$171,190	\$170,919	\$342,109	\$75,502	\$417,611
February	171,190	167,323	338,513	75,502	414,015
March	171,190	152,550	323,740	75,502	399,242
April	171,190	142,881	314,071	75,502	389,573
May	171,190	142,335	313,525	75,502	389,027
June	171,190	142,514	313,704	75,502	389,206
July	171,190	176,540	347,730	75,502	423,232
August	171,190	159,916	331,106	75,502	406,608
September	171,190	155,164	326,354	75,502	401,856
October	171,190	144,999	316,189	75,502	391,691
November	171,190	161,565	332,755	75,502	408,257
December	171,187	182,335	353,522	75,500	429,022
Total	2,054,277	1,899,041	3,953,318	906,022	4,859,340

	MISO Revenue/Credits			
	Schedule 26A			Net
	Schedule 26	A&G		North Dakota
	Revenue 1/	Credits 2/	Total	Charges
January	\$103,649	\$8,670	\$112,319	\$305,292
February	103,649	8,670	112,319	301,696
March	103,649	8,670	112,319	286,923
April	103,649	8,670	112,319	277,254
May	103,649	8,670	112,319	276,708
June	103,649	8,670	112,319	276,887
July	103,649	8,670	112,319	310,913
August	103,649	8,670	112,319	294,289
September	103,649	8,670	112,319	289,537
October	103,649	8,670	112,319	279,372
November	103,649	8,670	112,319	295,938
December	103,647	8,673	112,320	316,702
Total	1,243,786	104,043	1,347,829	3,511,511

1/ Exhibit 6.

2/ Exhibit 7.

3/ Exhibit 8.

Montana-Dakota Utilities Co.
Electric Utility - North Dakota
MISO Schedule 26 Expense and Revenue
Projected 2015

	Schedule 26 Charges		Schedule 26 Revenue/Credits	
	Charges 1/	Allocated to ND 2/	Revenue 3/	Allocated to ND 2/
January	\$237,013	\$171,190	\$143,503	\$103,649
February	237,013	171,190	143,503	103,649
March	237,013	171,190	143,503	103,649
April	237,013	171,190	143,503	103,649
May	237,013	171,190	143,503	103,649
June	237,013	171,190	143,503	103,649
July	237,013	171,190	143,503	103,649
August	237,013	171,190	143,503	103,649
September	237,013	171,190	143,503	103,649
October	237,013	171,190	143,503	103,649
November	237,013	171,190	143,503	103,649
December	237,009	171,187	143,500	103,647
Total	<u>2,844,152</u>	<u>2,054,277</u>	<u>1,722,033</u>	<u>1,243,786</u>

1/ Schedule 26 indicative costs posted by MISO as of July 31, 2014: \$2,844,152

2/ Allocated to North Dakota based on the Integrated System 12 Month Peak Demand 72.227925%

3/ Montana-Dakota's projected 2015 revenue requirement for its MTEP project 1355 (Heskett Substation) recovered under Schedule 26 \$1,722,033

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
MISO Schedule 26A Expenses and Revenues
Projected 2015**

	BSSE MVP Project			All Other MPV Projects			Total MVP	Retail Rate Credit		Net Schedule 26A Expense - ND
	Revenue Requirement 1/	Retail Revenue Requirement 2/	Allocated to ND 3/	Integrated Sales MWH 4/	Total MVP Charges (excl. BSSE Retail Rev. Req.) 5/	Allocated to ND 3/		A&G Revenue Credit 7/	Allocated to ND 3/	
January	\$124,618	\$623	\$450	295,799	\$236,016	\$170,469	\$170,919	\$12,004	\$8,670	\$162,249
February	124,618	623	450	289,575	231,037	166,873	167,323	12,004	8,670	158,653
March	124,618	623	450	264,007	210,583	152,100	152,550	12,004	8,670	143,880
April	124,618	623	450	247,275	197,197	142,431	142,881	12,004	8,670	134,211
May	124,618	623	450	246,330	196,441	141,885	142,335	12,004	8,670	133,665
June	124,618	623	450	246,640	196,689	142,064	142,514	12,004	8,670	133,844
July	124,618	623	450	305,526	243,798	176,090	176,540	12,004	8,670	167,870
August	124,618	623	450	276,755	220,781	159,466	159,916	12,004	8,670	151,246
September	124,618	623	450	268,533	214,203	154,714	155,164	12,004	8,670	146,494
October	124,618	623	450	250,940	200,129	144,549	144,999	12,004	8,670	136,329
November	124,618	623	450	279,610	223,065	161,115	161,565	12,004	8,670	152,895
December	124,612	623	450	315,555	251,821	181,885	182,335	12,008	8,673	173,662
Total	<u>1,495,410</u>	<u>7,476</u>	<u>5,400</u>	<u>3,286,545</u>	<u>2,621,760</u>	<u>1,893,641</u>	<u>1,899,041</u>	<u>144,052</u>	<u>104,043</u>	<u>1,794,998</u>

1/ Montana-Dakota's projected 2015 Revenue Requirement (Attachment MM) for the BSSE MVP project recovered under Schedule 26A

\$1,495,410

2/ Montana-Dakota's estimated retail portion of its BSSE project based on Montana-Dakota's load ratio share in the MISO footprint

0.5%

3/ Integrated System 12 Month Peak Demand 72.227925%

4/ Electric Load Forecast from 2015 Plan.

5/ Montana-Dakota's Indicative Annual MVP Charges for Approved MVPs: \$0.80

6/ Montana-Dakota's total MVP charges including the BSSE project.

7/ Revenue credit for administrative and general O&M expenses recovered through MISO Attachment MM.

Montana-Dakota's projected 2015 Attachment MM CWIP. Other O&M Expense, Line 4b.

1.34%

Projected Gross Plant in Service (CWIP) from Attachment MM

\$10,750,182

Annual A&G Retail Credit

\$144,052

**Montana-Dakota Utilities Co.
Electric Utility - North Dakota
WAPA Network Integrated Transmission
Projected 2015**

	WAPA NITS Estimate 1/	Allocated to ND 3/	WAPA NITS in ND Rates 3/	NET WAPA NITS
January	\$123,685	\$89,335	\$13,833	\$75,502
February	123,685	89,335	13,833	75,502
March	123,685	89,335	13,833	75,502
April	123,685	89,335	13,833	75,502
May	123,685	89,335	13,833	75,502
June	123,685	89,335	13,833	75,502
July	123,685	89,335	13,833	75,502
August	123,685	89,335	13,833	75,502
September	123,685	89,335	13,833	75,502
October	123,685	89,335	13,833	75,502
November	123,685	89,335	13,833	75,502
December	123,685	89,337	13,837	75,500
Total	<u>1,484,220</u>	<u>1,072,022</u>	<u>166,000</u>	<u>906,022</u>

1/ Total 2015 Integrated System WAPA NITS Estimate of \$123,685.16 per month =

\$1,484,222

\$1,072,023 North Dakota Allocation 2/

2/ Allocated to North Dakota based on the Integrated System 12 Month Peak Demand:

72.22793%

3/ Exclude WAPA Network Integrated Transmission Expense recovered in ND Rate

Case No. PU-10-124 of \$166,000

Transmission Cost Adjustment

On October 2, 2014, Montana-Dakota Utilities Co. (Montana-Dakota) filed its application with the North Dakota Public Service Commission (Commission) to update its Transmission Cost Adjustment (TCA) rates in accordance with the Company's Transmission Cost Adjustment Rate 59 tariff that states the rates will be revised annually to reflect the current level of costs to be recovered.

The proposed TCA rates include North Dakota's allocation of transmission related expenses assessed by the Midwest Independent System Operator (MISO) for transmission service not currently recovered through electric service rates as well as Western Area Power Administration (WAPA) Network Integrated Transmission System (NITS) charges not recovered through retail electric rates and a true-up amount from the current TCA rates.

Montana-Dakota has requested the proposed TCA rates be effective with service rendered on and after January 1, 2015, subject to Commission review and approval. This change is being proposed at this time and, if rates are suspended by the Commission, the new rates will not be effective until Commission action has been taken.

If approved, a typical residential customer using 894 Kwh will see a decrease of \$0.60 per month. The TCA is shown as a separate line item on your bill.

	Residential & Small General
Applicable Rates	10, 13, 20 & 25
Current Rate	\$0.00192 per Kwh
Proposed Rate	\$0.00125 per Kwh
Change	(\$0.00067) per Kwh
	Large General
Applicable Rates	30, 31, 32, 38, 40 & 48
Current Rate	\$0.00147 per Kwh
Proposed Rate	\$0.00104 per Kwh
Change	(\$0.00043) per Kwh
	Lighting
Applicable Rates	41 & 52
Current Rate	\$0.00112 per Kwh
Proposed Rate	\$0.00079 per Kwh
Change	(\$0.00033) per Kwh

For more information, please contact a Montana-Dakota representative at 1-800-638-3278.